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Integrated budget estimates for the United Nations Entity for Gender Equality and the Empowerment of Women for the biennium 2018-2019

Summary

The General Assembly, in its resolution 64/289 of 2 July 2010 on system-wide coherence, established the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and mandated it to assist countries and the United Nations system to progress more effectively and efficiently towards the goals of achieving gender equality and women's empowerment and upholding women's rights.

To implement this mandate, UN-Women is proposing an integrated budget with projected voluntary contributions of $880 million for 2018-2019 and requests an institutional budget appropriation of $203.8 million.

The integrated budget is the financial plan that allows the Entity to have the financial and institutional capacity, in line with the proposed Strategic Plan 2018-2021 and covers all cost categories and funding sources (both regular and other resources) within a single, consolidated proposal.

UN-Women needs adequate capacity to fully and effectively serve its mandate, further developing its institutional structure and systems with increased focus on cost effectiveness, efficient management of resources and strengthening the link between results and resources. The integrated budget proposes a modest increase in institutional budget resources to cover non-discretionary cost increases due to inflation as well as limited volume increases.

The two-year integrated budget is aligned with the four-year Strategic Plan and is complemented from assessed contributions funding under the Regular Budget of the United Nations.

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I. Overview

1. The General Assembly, in its resolution 64/289 of 2 July 2010 on system-wide coherence, established the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and provided it with a mandate to assist countries and the United Nations system to progress more effectively and efficiently towards the goals of achieving gender equality and women's empowerment and upholding women's rights.

2. To address this mandate, the integrated budget of UN-Women has been prepared on the basis of the experience gained during the Entity's first three budgetary biennia and the evolving understanding of the critical resources required to deliver on its mandate. The budget is focused on strengthening the support UN-Women offers to Member States through enhancing the delivery of results from its work.

3. The integrated budget sets out the resources needed to achieve the results laid out in the integrated results framework of UN-Women for the first two years of the proposed Strategic Plan 2018-2021. The projections are for a biennial integrated budget of $880 million in voluntary contributions, with $203.8 million requested as an institutional budget appropriation.

4. The General Assembly will continue to consider the resources from the regular budget required to service the normative intergovernmental processes, policy and coordination work in the context of its consideration of the proposed programme budget for the biennium 2018-2019, totalling $16.3 million for UN-Women, and received as assessed contributions.

5. UN-Women remains aligned with the harmonized results-based budgeting and cost classification methodology applied by the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA). However, it is distinct from these three entities in that it continues to present a two-year budget.

6. The integrated budget for 2018-2019 maintains this two-year approach, both to continue the more frequent review of requirements and to ensure that the work of UN-Women remains aligned with its Strategic Plan and the regular budget process for assessed contributions.

7. In developing the present proposal, UN-Women continues to be guided by the overarching need to deliver measurable development results, in particular at the country level.

8. The following major principles have guided the preparation of the integrated budget proposal for 2018-2019:

a) Maintaining income projections at similar levels as in the 2016-2017 biennium, allowing UN-Women to build on realistic planning while ensuring that institutional capacity is commensurate with the goals and objectives of the Entity as set out in the proposed Strategic Plan 2018-2021;

b) Adopting an overall budget-neutral approach to the preparation of the budget, with a focus on cost effectiveness and identification of efficiencies to absorb anticipated cost increases;

c) Enhancing efficiency, transparency and accountability by improving and embedding the results-based management approach throughout the organization;

d) Aligning activities and funding sources, in order to ensure that each funding source bears its fair share of costs.

9. In this Integrated Budget, 83.8 per cent of resources will be devoted to development activities (including development effectiveness), 12.8 per cent to management and 2.9 per cent to United Nations development coordination, and 0.3 per cent for special purpose activities. The management costs ratio for 2018-2019 is therefore decreasing, as compared to the estimates for 2016-2017.

II. Strategic and financial context

A. Strategic context

10. The UN-Women Strategic Plan 2018-2021 is anchored in the long-term vision of achieving gender equality and the empowerment and rights of all women and girls by 2030. It sets ambitious targets and innovative strategies to achieve significant results by 2021, just nine years before the deadline for the achievement of the SDGs. UN-Women plays a central role in promoting gender equality and the empowerment of women and girls and in supporting Member States, upon their request, in coordinating the UN system and in mobilizing civil society, the private sector and other relevant stakeholders, at all levels, in support of the full, effective and accelerated implementation of the Beijing Declaration and Platform for Action and the 2030 Agenda. The priorities and strategies outlined in the Strategic Plan provide the Entity with strategic direction, necessary tools and adequate resources to play this role effectively.

11. The new Strategic Plan 2018-2021 comes at a pivotal moment for the gender equality and women's empowerment agenda and for UN-Women. The 2030 Agenda for Sustainable Development has positioned gender equality and women's empowerment at the centre of sustainable development, both as a dedicated SDG and as critical to the achievement of all SDGs. The extensive 20-year review and appraisal of the Beijing Declaration and Platform for Action, conducted in 2015, has identified key priorities for the full, effective and accelerated implementation of the Platform for Action. The 15-year High-Level Review of Security Council resolution 1325 and the adoption of Security Council resolution 2242 has further strengthened the women, peace and security agenda. In addition, gender equality perspectives were successfully mainstreamed in a number of sectoral outcomes, thereby strengthening the scope and depth of the gender equality agenda and further supporting the gender-responsive implementation of the 2030 Agenda.

12. While commitments to the gender equality agenda are more explicitly articulated than ever before, women and girls continue to face major obstacles to equal

opportunities and outcomes in a global context marked by major challenges. Failures of governance, pervasive structural barriers and the persistence of discriminatory social norms and gender stereotypes continue to hamper progress for women and girls: women's political participation remains unacceptably low; 155 countries still have at least one law limiting women's economic opportunities, or restricting their access, inheritance and ownership of property; violence against women continues to affect 1 in 3 women in their lifetime; and there is chronic under-investment in gender equality in humanitarian assistance, despite the fact that women constitute half of all people forcibly displaced. Overall, progress has been slow, uneven and subject to regression, and to this date no country has fully achieved gender equality.

13. Six years after the start of its operations, UN-Women is also at a critical turning point institutionally. This Strategic Plan responds to a series of independent evaluations and assessments, as well as the midterm review of the Strategic Plan 2014-2017, which have provided major lessons learned and have pushed the Entity to strengthen its programmatic approach to bring about transformative change in the lives of women and girls.

14. In view of this, the Strategic Plan 2018-2021 includes significant new features:

a) The Strategic Plan directly supports the implementation of the Beijing Declaration and Platform for Action and is strongly aligned with the 2030 Agenda for Sustainable Development. It outlines how UN-Women contributes to achieving SDG 5 and ensuring that the entire 2030 Agenda delivers for women and girls. The Strategic Plan directly responds to General Assembly Resolution 71/243 on the Quadrennial Comprehensive Policy Review of Operational Activities for Development of the United Nations system (QCPR).

b) Building on lessons from the current planning cycle, the Strategic Plan better identifies UN-Women's added value and the difference that UN-Women makes in women's lives.

c) The Strategic Plan more clearly outlines how UN-Women fully leverages its three functions of normative support, UN coordination and operational activities in an integrated manner for transformative results.

d) The Strategic Plan and its integrated results and resources framework strengthens linkages between results and resources, on the basis of a more streamlined and accurate results framework underpinned by more accurate resource estimates, building on data available to date, forecasting and on the structured dialogue on financing that UN-Women has been holding with its Executive Board. This approach is aligned with the guidance of the QCPR.

e) The Strategic Plan aligns with that of UNDP, UNFPA and UNICEF with the ultimate purpose of enhancing the delivery of results at the country level towards the achievement of the SDGs. As part of the broader UN development system, these agencies have committed to fully leveraging their collaborative advantage by working together, reducing overlap and duplication, pooling expertise where this can yield the best results, building

stronger partnerships, and achieving greater harmonization, innovation and efficiencies in programmes and operations.

15. In line with these considerations, UN-Women has identified a limited number of priorities in support of the impact it seeks. These priorities are captured in five development results:

- Outcome 1: A comprehensive and dynamic set of global norms, policies and standards on gender equality and the empowerment of all women and girls is strengthened;
- Outcome 2: Women lead, participate in and benefit equally from governance systems;
- Outcome 3: Women have income security, decent work and economic autonomy;
- Outcome 4: All women and girls live a life free from all forms of violence;
- Outcome 5: Women and girls contribute to building sustainable peace and resilience, and benefit equally from crisis prevention and humanitarian action.

16. The Strategic Plan 2018-2021 describes the broad implementation modalities envisaged for achieving results. These modalities include the organizational structure of UN-Women, whereby the Entity pursues all aspects of its mandate by leveraging the capacities of and synergies between the Headquarters, regional and country levels, while drawing and building on the capacities for promoting gender equality and the empowerment of women across all other United Nations entities.

17. This is the budget for the first biennium of the four-year Strategic Plan of UN-Women 2018-2021 and its integrated results and resources framework. This two-year approach is in line with the Financial Regulations and Rules of the United Nations and is appropriate for UN-Women as one of the newest United Nations entities and has limited historical information to draw upon for reliable projections. It also allows alignment with the regular budget for 2018-2019, from which UN-Women receives a share of its overall resources through assessed contributions.

B. Financial context

18. Total resources projected for 2018-2019 are $1,158.7 million, inclusive of $880 million of projected voluntary contributions and $3 million in other income and reimbursements to be received in 2018-2019, along with the carried forward unspent balance of $275.7 million. Out of the $1,158.7 million total projected resources, $460.5 million is regular resources (inclusive of $57.5 million of unspent balance) and $698.2 million is other resources (inclusive of $218.2 million of unspent earmarked balance). The total use of resources for the same period is $948 million, comprising $403 million for regular resources and $545 million for other resources.

19. Resource mobilization remains a priority for UN-Women as it seeks to ensure adequate capacity to deliver the results presented in its Strategic Plan 2018-2021. For the 2016-2017 biennium, projected voluntary contributions were set at $880 million. With a view to grounding the integrated budget on ambitious yet realistic targets, the 2018-2019 biennium budget proposal reflects similar levels of income with projected

voluntary contributions of $880 million with $400 million reflecting regular resources and $480 million other resources. UN-Women considers these as realistic while at the same time ambitious projections for 2018-2019. UN-Women remains significantly below the annual $500 million in annual voluntary contributions that was widely recognized as needed to secure its minimum critical mass at the time of its establishment (see A/64/588).

20. UN-Women has taken measures to meet its 2018-2019 income projections by strengthening existing donor partnerships and diversifying funding sources to deliver the results in the Strategic Plan and meet the associated needs of Member States and demand for its services. This is needed to allow the Entity to capitalize on the global momentum and consensus in favour of the accelerated implementation of the Beijing Platform for Action, in accordance with the political declaration adopted by the Commission on the Status of Women at its fifty-ninth session, and to ensure the centrality of gender equality in the implementation of the post-2015 agenda.

21. The realistically ambitious projections for 2018-2019 will move the Entity closer to the critical mass needed for it to fulfil its universal mandate: provide policy-based advocacy and technical support in programme countries; be fully engaged in intergovernmental, inter-agency coordination and multi-stakeholder processes; and be prepared to respond to the challenges defined by the post-2015 development agenda.

22. With 193 donors, including Member States, National Committees, Other Donors, and United Nations Agencies supporting UN-Women with voluntary contributions to regular resources in 2016, the organization has, within 6 years, secured contributions from a wider range of government donors than most other United Nations entities, and seen its capacity to secure government contributions expand slowly but steadily. Meanwhile, its strategic partnerships with non-governmental donors yielded some 4.5 per cent of its budget in 2016.

23. In order to deliver effectively on the new Strategic Plan, UN-Women has enhanced its capacity to achieve transformative results with effective engagement at the normative level; new instruments and approaches for coordination with the UN system; a revised regional architecture; and a series of flagship programmes – high-impact, scalable initiatives grounded on strong theories of change – at the core of its programmatic agenda. The organization is investing heavily in strengthening and focusing its programming to best leverage its composite mandate in an integrated manner and support the translation of normative commitments into results at the country and regional levels. It has also further developed its operational systems, most notably its Results Management System (RMS) to link results to resources and allow UN-Women and its partners to understand funding needs and gaps in a more dynamic and transparent manner.

24. These measures are expected to further fuel the growing donor confidence in the normative, coordination, programmatic work of UN-Women and its critical role in responding to the challenge of the 2030 agenda for Sustainable Development and accelerating the implementation of the Beijing Agenda. This will enable UN-Women to secure additional regular and other resources to deliver the results presented in its Strategic Plan 2018-2021. UN-Women prioritizes regular resources but expects more modest growth in regular resources than in other resources, and consequently is

projecting a 45 per cent to 55 per cent proportion of regular to other resources for the biennium 2018-2019.

25. The growth in other resources is the result of two trends. First, the increased uptake by UN-Women field offices of the Flagship Programming Initiatives (FPIs). Out of 94 field offices (including regional offices), 64 offices have included FPIs in their 2017 Annual Work Plans (AWPs). Total resource requirements for the FPIs is $121 million with a funding gap of $46 million. The second trend is the rapid growth in demand for UN-Women's programming support in Women, Peace, Security and Humanitarian Action.

26. While seeking to revisit the level of assessed contributions to support its triple mandate and ease the pressure on core resources, UN-Women will continue to broaden, deepen and diversify its resource base.

27. An enhanced approach to partnership development will bolster both the delivery capacity of the organization and its resources, by leveraging both expertise and funding from partners. UN-Women will be well positioned to secure visibility for the partners and build on UN-Women's unique assets, including expertise, civil society networks, convening power, and a results oriented agenda. South-South cooperation and a collaborative approach to FPI design and implementation will thus feature as core strategies.

28. Hoping to engage new emerging economies donors, supported by liaison and programme offices, UN-Women will work with existing Organization of Economic Cooperation and Development (OECD) donors to further increase the number of donors contributing more than $20 million. This will be supported by high level policy dialogue, substantive engagement, enhanced visibility for donors, and the support of national stakeholders.

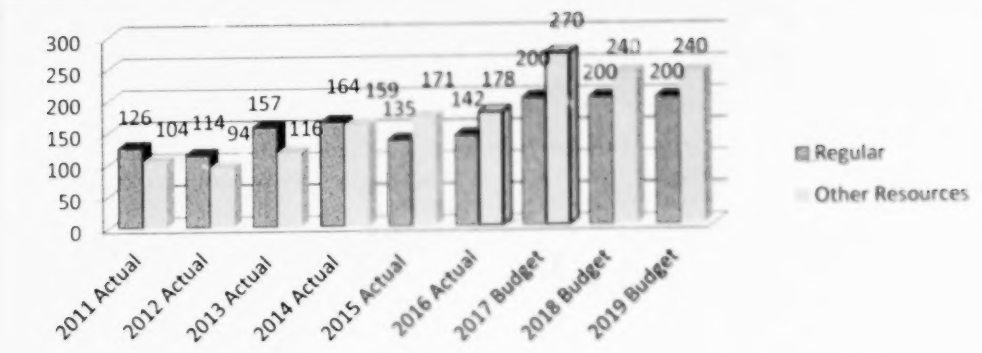
29. At the same time, UN-Women will leverage its valuable, substantive advocacy and programmatic agenda to expand the engagement of the private sector with a specific focus on scaling up contributions from professionally staffed foundations, corporations and corporate foundations, high net worth individuals, civic groups, and the public at large including through digital fundraising. UN-Women will work closely and invest in a select group of national committees, to increase the share of resources they secure, with a priority on individual giving so as to build over time a growing flow of predictable core contribution.

30. For each of the fundraising initiatives, dedicated strategies with clear paths will be developed. It is expected that the Business and Philanthropy Leaders' Forum, successfully pioneered in 2015, will remain a periodic engagement platform over the biennium, as well as the HeforShe campaign. A redesigned approach for the promotion of the Women Empowerment Principles, and new, innovative platforms for corporate engagement in alignment with our Strategic Plan priorities, will ensure that our collaborations with business leaders delivers both resources and effective impact on the economic empowerment agenda of UN-Women's Strategic Plan at large.

31. The change in financial resources since the establishment of UN-Women and projected 'Regular Resources' and 'Other Resources' are reflected in Figure 1 below:

Figure I

Regular and Other Resources, 2011-2019
(Millions of United States dollars)



III. Institutional effectiveness and efficiency: progress made and future outlook

32. The corporate evaluations conducted by the UN-Women Independent Evaluation office distinguish UN-Women as a leading actor in gender equality and the empowerment of women (GEEW). UN-Women is recognized for producing an authoritative knowledge base on GEEW, contributing to increased visibility of GEEW, and contributing to advancing GEEW through its strategic partnerships.

33. In particular, UN-Women is recognized for its strategic position in influencing global policy. Contributions to normative work have been particularly effective across all thematic areas assessed and at global, regional and country levels. In the normative area, UN-Women has contributed to furthering development and implementation of existing global normative standards by providing substantive guidance on good practices and standards, developing an evidence base, and using its capacity to mobilize various key actors in support of intergovernmental bodies and mechanisms. Additionally, much progress has been made in translating these global norms at the country level into changes in laws and policies of Member States. Despite very constrained funding and complex political environments, UN-Women programmes have successfully delivered planned activities and outputs, as well as secured positive benefits for target group members.

34. Recently, results based management systems and processes have been strengthened, in particular with the introduction of the RMS, the flagship programme theories of change, and enhanced country Strategic Notes.

35. The most recent evaluation of UN-Women Regional Architecture concluded that UN-Women's overall relevance and ability to respond to external stakeholder needs has significantly increased at all levels (global, regional and country) as a

result of the regional architecture with some limitations by different office types. The majority of regional architecture's actions laid out in Executive Board papers were achieved only with two exceptions: (1) adjustments in headquarters to support regions and countries; and (2) a strong knowledge management function. The evaluation found that the regional architecture has increased UN-Women's overall ability to respond and to deliver the integrated mandate (normative, coordination and operational) in the field. However, there are variations in results by the office type. Overall, the different levels in the regional architecture support each other well, but there are limitations in efficient response due to alignment of structures, capacities and funding availability.

36. UN-Women continued to strengthen its evaluation capacities and systems to support the implementation of its mission and mandate through evaluation.

37. Over the last four years, the global evaluation oversight system (GEOS) has been used to track the organization-wide performance on the evaluation function, including trends over time. To ensure real-time actions in areas of shortcoming, the quarterly GEOS dashboard with nine key performance indicators was shared with senior management at headquarters and field offices.

38. The overall result shows steady and sustained progress in eight out of the nine key performance indicators of evaluation in UN-Women. In particular evaluation coverage showed a 13 per cent increase as compared with 2015 while implementation of planned evaluations increased from 76 per cent in 2015 to 85 per cent in 2016. Considerable progress was also made in the quality of evaluation reports, with 81 per cent (29 of 36) judged to be in the range of 'good' to 'very good'. The submission of management responses reached 89 per cent while 91 per cent of committed actions in management responses for evaluations completed the preceding year were being implemented. Although a good degree of progress has been made in all Key Performance Indicators, there remains variation across regions and more work needs to be done in the area of geographic and thematic coverage of evaluations, timely preparation of management response and implementation of planned evaluations.

39. Moreover, the Economic and Social Council, in its resolution E 2014/2, noted with appreciation the important and extensive work of UN-Women for more effective and coherent gender mainstreaming across the United Nations and its role in leading, coordinating and promoting accountability of the United Nations system in its work on gender equality and the empowerment of women, and recognized its role in assisting Member States upon their request.

40. The General Assembly, in its resolution A/RES/70/133, commended UN-Women for the continued support provided to intergovernmental processes, and recognized the Entity's central role in supporting Member States, in coordinating the United Nations system and in mobilizing civil society, the private sector and other relevant stakeholders, at all levels, in support of the implementation of the Beijing Declaration and Platform for Action. Following the twenty-year review of the Platform for Action in 2015, the Commission on the Status of Women (E/2016/27) provided a roadmap for the gender- responsive implementation of the 2030 Agenda for Sustainable Development. It called upon UN-Women to continue to play a central role in support of the full, effective and accelerated implementation of the Beijing

Declaration and Platform for Action and the 2030 Agenda for Sustainable Development. UN-Women will therefore be required to continue to support strategies for full, effective and accelerated implementation of the Beijing Platform for Action, as well as the gender-responsive implementation of the 2030 Agenda, in areas such as Strengthening normative, legal and policy frameworks; Fostering enabling environments for financing gender equality and the empowerment of women and girls; Strengthening women's leadership and women's full and equal participation in decision-making in all areas of sustainable development; Strengthening gender-responsive data collection, follow-up and review processes; and Enhancing national institutional arrangements

41. The Human Resources (HR) Section has streamlined processes, which serve as the foundation for modern information systems and ensure that staff have the capacity to deliver results that, efficiently and effectively advance gender equality and women's empowerment. Through the automation of global HR processes and the development of digital dashboards, UN-Women is improving operational efficiency and transforming HR data reporting and analytics. To strengthen talent management, empower self-service and to support a global high performance workforce, the Human Resources Section will continue to develop efficient and cost effective HR processes, practices and policies, using technology wherever possible.

42. In 2015, the United Nations Board of Auditors issued 12 recommendations for the year ended 31 December 2014. UN-Women has implemented eight recommendations. Two of the remaining four were reiterated and two are under implementation. In 2016, the Board of Auditors issued 17 recommendations for the year ended 31 December 2015. UN-Women has implemented five recommendations. Two recommendations were reiterated and the remaining ten are under implementation. All under implementation recommendations are on track for completion in accordance with the timelines set out in the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors (A/71/331/Add.1 (part I)). UN-Women has received clean external audit reports since 2011.

43. UN-Women has successfully implemented a harmonized annual audit approach for selected UN-Women projects implemented by non-governmental, governmental and intergovernmental organizations including grant projects funded by the United Nations Trust Fund (UNTF) and Fund for Gender Equality (FGE). The service of an international audit firm was engaged through a long-term agreement to carry out the audit of selected UN-Women programme and grant projects worldwide.

44. The roll-out of the Donor Agreements Management System (DAMS) in February 2016 enhanced the efficiency of administering such agreements. DAMS is a comprehensive database system which serves as a repository of all UN-Women agreements. The system records information from the agreements for revenue and project management and drives the timing of reporting to donors for both narrative and financial results. DAMS allows every office and section to manage in real-time the conditions of every donor agreement and allows for corporate oversight via dashboards of key performance indicators.

45. UN-Women has implemented a number of initiatives to streamline security processes, enhance client accessibility and boost overall security compliance, while imparting a gender dimension to the principles of "no programme without security" and "no security without resources" underlying the United Nations security management system. Such initiatives include a new business continuity management format, online programme support tools and the development and implementation of the UN-Women security mainstreaming process, which clearly and effectively incorporates security considerations in all aspects of organizational activities. In support of this process, the 2014 launch of an automated security compliance business process resulted in a 99 per cent country response, providing an accurate organizational security compliance appraisal for the first time; a 100 per cent response was achieved in both the 2015 and 2016 processes, with a UN-Women 2016 global security compliance status of 97 per cent. The process further facilitates a transparent audit-focused proactive methodology to assist field colleagues in rapidly improving and maintaining security compliance, while accessing suitable funding streams to enable compliance improvements

46. UN-Women was the first UN agency to fully embrace cloud computing and have all corporate systems and databases hosted in public or community cloud services. This gives UN-Women a common foundation of cost effective capabilities with unparalleled agility and scalability.

47. In 2016-2017 UN-Women is strengthening its Information and Communications Technology (ICT) capabilities in 3 strategic initiatives, the Knowledge Mobilization and Innovation initiative fostering strong platforms to communicate, capture, share and maintain knowledge products; the Programme and Process Optimization initiative delivering efficiency gains through business process improvements; and Capable Core initiative streamlining basic ICT infrastructure and support across all field offices. This sets the stage for ICTs to be a transformative enabler in delivering UN-Women's development results, as well as fundamentally support the Sustainable Development Goals at every level.

48. This will form the foundation for UN-Women continuing its focus on technology innovation, leveraging digital solutions to accelerate the efficiency and effectiveness of all its programmatic activities. UN-Women will further develop our digital platforms to scale up efforts towards gender equality and empowerment of women, structured in three focus areas of digital engagement, learning and enterprise platforms.

49. As UN-Women increasingly leverages ICTs in our work, continued investment is needed not only in new platform capabilities, but also in core capacity required to operate the platforms. This includes a strong focus on ensuring cyber security across all UN-Women digital solutions.

50. All of these successful initiatives illustrate that the Entity continues to make serious efforts to operationalize the principles of accountability, transparency, effectiveness, efficiency and cost effectiveness.

IV. Proposed integrated budget for 2018-2019

C. Basis for budget formulation

51. The proposed budget is guided by the priorities set out in the approved Strategic Plan 2018-2021 and the provisions of Executive Board decision 2013/2 on an integrated budget and cost recovery. Using the 2016 actual effective rate as a basis, the Strategic Plan 2018-2019 reflects a cost recovery rate of 7 per cent. For background information, the focus of previous budgets is summarized below.

52. While an interim budget of $51.5 million was approved for 2011, the institutional budget for 2012-2013 was the first budget that could be considered as a baseline for the Entity. The Executive Board approved $140.8 million, with a focus on (a) the gradual strengthening and expansion of the presence of UN-Women in the field in line with the field capacity assessment, including by putting in place the minimum capacity (between three and five staff funded from the institutional budget) in 21 countries and strengthening an additional 17 country offices; and (b) launching the regional architecture.

53. During the biennium, and in order to implement the regional architecture, UN-Women proposed a revision increasing the budget to $147.9 million, with the addition of 39 new posts, mainly at the country and regional levels. The proposed structure of the regional architecture, including six regional offices, six multi-country offices, 47 country offices and a programme presence in 30 countries, is now fully implemented.

54. The institutional budget for 2014-2015, amounting to $176.9 million, added five posts to the total already approved within the regional architecture, since its focus was on fully implementing the regional architecture while targeting strategic areas such as resource mobilization, normative and operational intergovernmental processes and accountability and effectiveness.

55. The institutional budget 2016-2017, amounting to $196.4 million, added 31 new posts. The main increases were driven by the implementation of the previously approved minimal structure within the organization in some offices where no institutional budget was available at all, thus aligning costs to the correct cost classification category and funding source.

D. 2018-2019 integrated budget proposal and integrated resource plan

56. The 2018-2019 integrated budget proposes an institutional budget appropriation of $203.8 million, representing an increase of $7.4 million, or 3.7 per cent, in relation to the 2016-2017 budget (see table 1 below). The increase is attributable to the effect of increases in non-discretionary items relating to inflation and staff costs, as well as a minor increase in volume, and $3 million for Special Purpose Activities offset by an application of a higher vacancy rate.

57. As a result, the proposed 2018-2019 institutional budget appropriation presents a small increase in real terms.

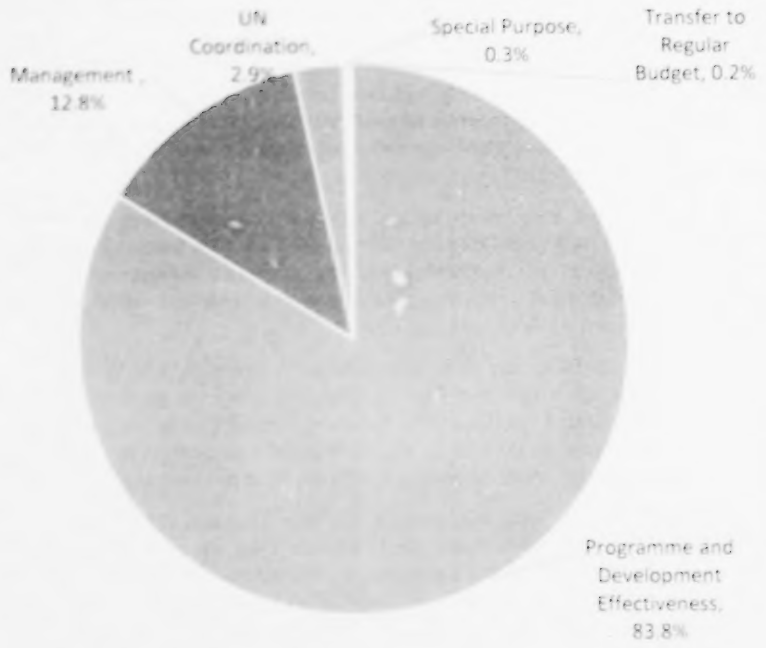
58. Table 1 shows the integrated resource plan for 2018-2019 for all cost categories, including for regular resources and for other resources (annex I compares the integrated resource plan for 2018-2019 against the actual and estimated figures for 2016-2017).

Table 1

	2016-2017 Estimates						2018-2019 Estimates					
			Other Resources						Other Resources			
	Regular resources	%	Programme	Cost Recovery	Total	%	Regular resources	%	Programme	Cost Recovery	Total	%
1. Resources available												
Opening balance	111.3	23.8%	260.3	24.1	396.0	33.0%	93.3	12.9%	180.8	28.4	230.5	23.8%
Income												
Contributions	356.0	75.0%	464.7	56.8	880.0	68.8%	693.0	86.9%	448.6	31.4	880.0	75.0%
Other income and cost recovery	8.0	1.2%	0.0	0.0	8.0	0.7%	8.0	0.7%			8.0	0.8%
Total available	475.3	100.0%	725.0	80.9	1,279.0	100.0%	794.3	100.0%	629.4	59.8	1,018.7	100.0%
2. Use of resources												
a) Development activities												
a.1 Programme	230.0		473.0		703.0		230.0		513.0		744.7	
a.2 Development effectiveness	30.0			4.4	34.4		43.8			0.3	30.1	
Subtotal Development Activities	260.0	69.6%	473.0	4.4	737.0	93.0%	273.8	69.1%	513.0	0.3	786.8	93.8%
b) United Nations development coordination	27.0	7.1%			27.0	3.1%	27.2	6.8%			27.2	2.9%
c) Management activities												
c.1 Recruiting	67.3			22.0	108.3		63.7			25.1	108.8	
c.2 Training												
c.3 Evaluation	6.4				6.4		6.7				6.7	
c.4 Audit and Investigation							0.0				0.0	
Subtotal Management Activities	91.8	24.2%		22.6	114.4	13.0%	70.4	23.9%		25.1	121.7	12.8%
d) Special purpose activities												
d.1 Resource Mobilization							3.0				3.0	
d.2 ICT Transformation							2.0				2.0	
Subtotal Special Purpose Activities		0.0%				0.0%	5.0	0.7%			5.0	0.5%
e) Provision for transfer to UN regular budget							2.0	0.5%			2.0	0.2%
Total Institutional Budget: (A.2+B+C+D+E)	169.4	46.0%		27.0	196.4	22.0%	172.4	42.5%		31.4	203.8	21.5%
Total use of resources (A+B+C+D+E)	560.0	100.0%	473.0	27.0	960.0	100.0%	401.0	100.0%	513.0	55.8	968.0	100.0%
Balance of resources (1-2)	115.3		247.5	28.9	199.6		67.0		124.8	28.6	210.7	

59. Figure 2 illustrates the proportion of resources that are devoted to development activities, management activities and United Nations development coordination activities. UN-Women remains committed to focusing on its development activities while ensuring that it has in place the operational support needed to optimize its programmatic work. While keeping its projected development spending at the same level, it has decreased the share of management activities from 13 per cent to 12.8 per cent.

Figure II



Cost recovery

60. General Assembly Resolution 67/226 reaffirmed "that the guiding principle governing the financing of all non-programme costs should be based on full cost recovery, proportionally, from core and non-core funding sources," and requested "the Executive Boards of the United Nations funds and programmes (...) to adopt cost recovery frameworks by 2013, with a view to full implementation in 2014, based on the guiding principle of full cost recovery, proportionally, from core and non-core resources, and a simple, transparent and harmonized methodology (...)"

61. In 2013, UN-Women, along with UNDP, UNICEF and UNFPA, presented to the Executive Board the document entitled "The road map to an integrated budget; joint review of the impact of cost definitions and classifications of activities on the harmonized cost recovery rates" (DP-FPA/2013/1, E/ICEF/2013/8), which proposed a harmonized approach to determining which direct and indirect costs should be subject to cost recovery and a harmonized cost recovery rate of 8 per cent, with differentiated rates proposed for certain types of contributions.

62. In decision 2013/2 the Executive Board, inter alia, (1) accepted the methodology and the general, harmonized 8 per cent rate, with the rate to be reviewed in 2016 "with the possibility of increasing the rate if it is not consistent with the

principle of full cost recovery, proportionally, from core and non-core funding sources..." (2) approved a framework of differentiated rates; (3) decided that existing agreements would retain their previous rates until renewed; (4) stipulated that waivers to the rates could be granted by agency heads, (5) requested the agencies to recommend adjustments to the approved cost recovery rates, as required, in 2016 and (6) requested that "an independent and external assessment be performed in 2016 on the consistency and alignment of the new cost-recovery methodology with General Assembly resolution 67-226".

63. The independent assessment by the external consultant was presented to the Executive Board in its Second Regular Session of 2016. The assessment validated the fundamental principles of the model and the agencies' adherence to it. It also concluded that challenges remain as some donor representatives are unwilling to include eligible direct costs in programmes.

64. In decision 2016/4, the Executive Board requested UN-Women "(...) in collaboration with other relevant funds and programmes, to present in accordance with the Executive Board decision 2013/2, all requested information on cost recovery to the Executive Board in time to be included for the consultations on the Strategic Plan 2018-2021 and the integrated budget 2018-2019 at its Annual session 2017"

65. In order to comply with this request, the four agencies proposed a timeline of consultations with the Executive Board, with a view to providing all requested information at its June session. As a result, a joint informal consultation was held in February and another one in April in order to a) provide an overview of the cost recovery framework and b) provide actual financial information that underpins the calculation of the cost recovery rate c) provide options to the Board on different cost recovery models, specifically by modifying what is to be considered as 'core' and thus protected from cost recovery. The 2018-2019 proposed budget is in line with the current methodology.

66. The below information was provided at these informal consultations and it is hereby presented formally for Executive Board consideration:

a) Taking into account the assumptions of the framework, the cost recovery rate of 8 per cent allows adequate recovery of costs proportionately from core and non-core resources;

b) The effective rate of 7 per cent mainly reflects the impact of legacy agreements, umbrella agreement;

c) In UN-Women, the financial impact of waivers that allows a rate other than 8 per cent is immaterial as only $10,323 was discounted in 2016 on account of waivers;

d) The number of legacy agreements is declining over time and therefore the effective rate is expected to increase;

e) Regular policy guidance has been provided and continues to be provided to offices. However, charging of direct costs remains challenging, causing limited cross-subsidization.

67. Based on the financial model approved by the Executive Board, UN-Women calculated the nominal cost recovery rate on the basis of actuals for 2014, 2015 and 2016. The below table shows the calculation based on the step-by-step methodology approved by the Executive Board. UN-Women supports a harmonized 8 per cent rate to recover indirect costs.

Table 2

Calculation of cost recovery rate based on 2014, 2015 and 2016 actuals
(Millions of United States dollars)

Actuals (use of resources per Financial Statements 2014 and 2015)	**2014**	**2015**	**2016**
Regular resources	143	149	142
Other resources	131	169	202
Total	**274**	**318**	**344**
Proportionate share RR	52%	47%	41%
Proportionate share OR	48%	53%	59%

1. Calculate the sum of management and comparable Special Purpose costs (and remove costs related to critical, cross-cutting functions)

	2014	**2015**	**2016**
Institutional Budget	73.0	82.5	78.5
Less			
Development Effectiveness Activities	(21.3)	(23.4)	(21.2)
Non-Comparable Special purpose Activities			
UN Development Coordination Activities	(10.4)	(12.4)	(12.2)
Critical cross-cutting functions based on standard costs	(18.5)	(21.0)	(22.4)

2. Take the amount calculated in step (i) and split it proportionally according to the levels of total planned core and non-core expenditures

Total Institutional Budget (actuals) subject to cost recovery	22.8	25.7	22.8
Regular Resources Proportional share of IB actuals	11.9	12.0	9.4
Other Resources Proportional Share of IB actuals	10.9	13.7	13.4
Cost recovery actually earned	10.3	11.5	12.6
Notional cost recovery rate	8.3%	8.1%	6.6%
Effective Rate	7.1%	7.0%	7.1%

E. Regular budget

68. In accordance with General Assembly resolution 64/289 (para. 75), the resources required to service the normative intergovernmental processes should be funded from the regular budget and approved by the Assembly; the resources required to service the operational intergovernmental processes and operational activities at all levels shall be funded from voluntary contributions and approved by the Executive Board.

69. In its resolution 65/259, the General Assembly requested the Secretary-General to further elaborate on the normative intergovernmental processes undertaken by UN-

Women to implement its mandate, as referred to in paragraph 75 of its resolution 64/289. This was in order to specify whether the activities of UN-Women would support or be considered normative intergovernmental processes, operational intergovernmental processes and operational activities, or a combination thereof. The Assembly also requested the Secretary-General to reflect the necessary budget allocation resulting from the information requested above so as to ensure an appropriate source of funding of the financial resources required, including the funding of senior-level posts.

70. In preparation of the 2014-2015 budget proposal, UN-Women based on the request of paragraphs 8 and 9 of the General Assembly resolution 65/259, conducted a functional analysis to assess the above. The analysis concluded that normative intergovernmental functions, operational intergovernmental functions and operational processes and activities are performed throughout the Organization and, in the majority of instances, administrative, evaluation, coordination, research and analytical policy functions all contribute to a combination of normative intergovernmental, operational intergovernmental and operational processes and activities. The analysis also concluded that, in many instances, extra-budgetary funding was used to support the normative functions of UN-Women.

71. The Secretary General summarized the results of the functional analysis in his proposed programme budget for 2014-2015 and 2016-2017. The Advisory Committee on Administrative and Budgetary Questions, however, recommended in its first report on the proposed programme budget for the biennium 2016-2017, that the Assembly request the Secretary-General to further develop the analysis outlined in the 2014-2015 budget proposal and present his findings to the Assembly in the 2018-2019 budget proposal.

72. In paragraph 8 of its decision 2015/11, the Executive Board requested that the institutional budget for 2018-2019 reflect the analysis conducted pursuant to section VI, paragraphs 8 and 9, of General Assembly resolution 65/259.

73. While the regular budget has not increased since the establishment of UN-Women, it serves intergovernmental mandates that have expanded significantly since the Entity started its operations. The regular budget is a very small proportion, at only 1.7 per cent, of the total resources projected for the organization for 2018-2019.

74. In light of the above, the functional analysis was elaborated with the aim of identifying posts funded from extra-budgetary resources (voluntary contributions) that contribute to the normative intergovernmental work of the Entity. The analysis was based on an internal review of the staffing table, functions, work plans, job descriptions and source of funds across Divisions. The analysis identified five posts performing normative intergovernmental functions, with three posts (1 D-2, 1 D1, and 1 P-3) in the Policy Division in the areas of women's leadership and governance, women and peace and security, ending violence against women, research and data, HIV/AIDS, gender responsive budgets, and statistics and monitoring; and two posts (1 P-5 and 1 P-4) in the Intergovernmental Support, Coordination and Strategic Partnerships Bureau.

75. The analysis also confirmed that the 45 posts funded from the regular budget were performing normative intergovernmental support functions, as per their original

purpose under the Division for the Advancement of Women and the Office of the Special Adviser on Gender Issues, before the inception of UN-Women.

76. For the biennium 2018-2019, the Secretary-General proposed a programme budget of $16.3 million for UN-Women (see A/72/6 (Sect. 17)), including the cost of 44 posts and the proposed conversion of five existing posts currently funded from extra-budgetary funds (voluntary contributions) to the Regular Budget (assessed contributions), which would bring the total number of Regular Budget funded posts to 49.

77. As per established practice, the review of the UN-Women Integrated Budget takes place during the second regular sessions of the UN-Women Executive Board in September, while the review of the UN Proposed Programme Budget takes place during the Fall sessions of the UN General Assembly. To secure funding for the five posts proposed for conversion, a provision of $2 million is included in the 2018-2019 Integrated Budget estimates. Should the UN General Assembly decide to approve the UN-Women's proposal to convert the five posts from voluntary contributions to regular budget, the extra-budgetary resources for these posts would be redirected to programme activities.

F. Allocation of regular resources to programme activities

78. UN-Women allocates the entire balance of its regular resources after utilization by the institutional budget to programme activities. This allocation is based on the methodology that was used by the United Nations Development Fund for Women.

79. The current methodology for allocating regular resources for regional and thematic distribution is based on a straightforward percentage point, assigned for each programming category. Further distribution within the category is then based on programmatic needs and priorities. UN-Women continues to assess this methodology for relevance.

G. Integrated results and resources framework

80. Table 3 presents the integrated results and resources framework for 2018-2019. The proposed integrated budget supports the achievement of the five development outcomes and the four outputs of organizational effectiveness and efficiency results set out in the Strategic Plan for 2018-2021: (a) Enhanced coordination, coherence and accountability of the UN system for gender equality commitments; (b) Increased engagement of partners in support of UN-Women's mandate (c) Enhanced quality of programmes through knowledge, innovation, Results-based Management (RBM) and evaluation and (d) Improved management of financial and human resources in pursuit of results. For each cost classification category, linkages are made between organizational outputs, functional clusters and proposed resource requirements. The outcomes and outputs in the table are drawn from the Strategic Plan 2018-2021.

Table 3 Results and Resources Framework, 2018-2019 (Millions of United States dollars)

Outcome/Output	Cost Classification	Functional Cluster	2018-2019			
			Regular Resources	Other Resources	Cost Recovery	Total
A comprehensive and dynamic set of global norms, policies and standards on gender equality and the empowerment of all women and girls is strengthened	Programme		4.4	10.3	-	14.7
Women lead, participate in and benefit equally from governance systems	Programme		38.0	88.7	-	126.7
Women have income security, decent work and economic autonomy	Programme		44.7	104.4	-	149.1
All women and girls live a life free from all forms of violence	Programme		64.8	151.3	-	216.1
Women and girls contribute to building sustainable peace and resilience, and benefit equally from crisis prevention and humanitarian action	Programme		78.6	159.0	-	237.6
Enhanced coordination, coherence and accountability of the UN system for gender equality commitments	United Nations Coordination	UN Development Coordination	27.2	-	-	27.2
Increased engagement of partners in support of UN-Women's mandate	Management	Corporate external relations and partnerships, communications and resource mobilization	12.8	-	6.8	19.6
	Development Effectiveness	Alliance Building and Youth Engagement	-	-	-	-
High quality of programmes through knowledge, innovation, RBM and evaluation	Development Effectiveness	Innovation and technology, knowledge hub, knowledge management, South-South cooperation, RBM	45.2	-	6.3	51.5
	Management	Corporate Oversight and Assurance	9.0	-	1.4	10.4
		Corporate financial, information and communication technology and administrative management	16.8	-	5.9	22.7
Improved management of financial and human resources in pursuit of results	Management	Corporate human resources management	5.9	-	1.6	7.6
		Staff and premises security	0.5	-	0.5	1.0
		Leadership and Corporate Direction	1.1	-	0.2	1.3
		Field/country office oversight, management and operations	50.8	-	8.6	59.4
	Special Purpose	ICT Transformation, Resource Mobilization Initiative	3.0	-	-	3.0
Total			403.0	513.6	31.4	948.0

a. Allocation of resources to development outcomes

81. UN-Women's 2018-2019 Integrated Budget will cover the first biennium under UN-Women's new Strategic Plan 2018-2021. Indicative allocations of resources to development outcomes under this Strategic Plan are informed by the following criteria: (1) 2016 expenditure; (2) expenditure trends by outcome area for the past 3 years; and (3) expected future demand based on the existing pipeline.

82. For the 2018-2019 biennium, UN-Women's indicative allocations between the impact areas of the Strategic Plan's development results have been shaped by:

2016 expenditure

83. In 2016, 100 per cent of regular budget resources (RB) were allocated and spent in support of UN-Women's normative intergovernmental support function.

84. In addition, a review of 2016 voluntary resource expenditures in UN-Women's Results Management System (RMS) showed that: (a) 15 per cent of programme funds were spent on women's voice, participation and leadership; (b) 21 per cent of programme funds were spent on women's economic empowerment; (c) 29 per cent of programme funds were spent on ending violence against women; (d) 26 per cent of programme funds were spent on work on women and peace and security (80 per cent of which was allocated to peace and security and 20 per cent of which was allocated to humanitarian action); (e) 7 per cent of programme funds were spent on governance and national planning for gender equality commitments and priorities; and (f) 2 per cent of programme funds were spent on support to normative intergovernmental processes.

Trends in expenditure across UN-Women's current Strategic Plan

85. This measure is calculated as a percentage change in allocation to each outcome area in 2016 as compared to 2014.

86. As per UN-Women's Results Management System:

1) A review of trends in each outcome area from 2014 to 2016 has shown strong growth in UN-Women's work on women's economic empowerment and on the elimination of violence against women. The most notable growth has occurred in the area of peace, security and humanitarian action, which has more than doubled in expenditure over a 3-year period. This high rate of growth is driven by expanded programming in the Arab States and West and Central Africa as well as East and Southern Africa.

2) UN-Women's work in women's political empowerment has demonstrated a slightly slower rate of growth.

3) For outcome area 1, regular budget resources have remained constant, with 100 per cent of resources allocated to this area of work over the past three years.

Analysis of expected future demand across UN-Women's development outcomes

87. The scale and scope of UN-Women's normative support and coordination functions have expanded significantly since the Entity's founding and the recent adoption of the 2030 Agenda.

88. In addition, UN-Women predicts that overall country-level demand will continue to exceed resources available, particularly as UN-Women has fully implemented its regional architecture.

89. In order to track this demand, UN-Women has developed LEADS, a pipeline management system for project proposals which tracks a project from inception (i.e. the drafting stage) to funding (i.e. securing a signed funding contract).

90. Based on current LEADS data, expected future demand across UN-Women's development outcomes is divided in the following manner: (a) 4 per cent of programme funds to support normative intergovernmental processes; (b) 20 per cent of programme funds to support women to lead, participate in and benefit equally from governance systems; (c) 32 per cent of programme funds to support women to have income security, decent work and economic autonomy; (d) 21 per cent of programme funds to help women and girls live a life free from violence; and (e) 23 per cent of programme funds to help women to engage in prevention, sustain peace and build resilience and to benefit equally from peace, security and humanitarian interventions.

Conclusion

91. In order to project allocations per outcome area for the 2018-2019 integrated budget, UN-Women applies a formula which adjusts 2016 allocations according to trends in past expenditure and expected future demand. In this calculation, UN-Women uses data from its LEADS about programmes and projects that are in the pipeline as a proxy for expected demand. Since expenditure data is based on actual numbers and future demand is based on predicted income, expenditure has been given a weighting which is twice pipeline numbers predicted income from LEADS.

92. UN-Women has also taken into consideration the following qualitative considerations in deciding on allocations across the outcome areas:

- UN-Women's support to normative intergovernmental processes (including the Commission on the Status of Women (CSW), Economic and Social Council, General Assembly, Security Council) will continue to be funded through regular budget resources and the institutional budget, as well as a small allocation of programme funds to enhance normative support capacities.
- Despite a slightly slower rate of growth for Outcome 2 (women lead, participate in and benefit equally from governance systems), UN-Women believes that this outcome area remains critical for UN-Women's work and a priority in the 2018-2021 Strategic Plan and has ensured that this area remains appropriately resourced.
- Given UN-Women's critical role in the area of conflict prevention, allocations to Outcome 5 (women are engaged in, and benefit equally from, peace, security and humanitarian interventions to prevent crisis and build resilience) have increased. Nevertheless, UN-Women believes that

the rate of growth of this area of work needs to remain prudent, and has therefore suggested an indicative allocation that aligns with its absorptive capacity in this area.

93. Keeping these factors in mind, indicative allocations between the outcome areas of the Strategic Plan have been adjusted as follows:

a) A comprehensive and dynamic set of global norms, policies and standards on gender equality and the empowerment of all women and girls is strengthened – this area of work will receive all of the regular budget resources received by UN-Women (which are proposed to increase by about 8 per cent in the 2018-2019 biennium). In addition, 2 per cent of programme funds are projected to be allocated to normative support capacities.

b) Women lead, participate in and benefit equally from governance systems—17 per cent;

c) Women have income security, decent work and economic autonomy—20 per cent;

d) Women and girls live a life free from violence—29 per cent;

e) Women are engaged in, and benefit equally from, peace, security and humanitarian interventions to prevent crisis and build resilience—32 per cent.

94. As part of its ongoing analysis on the link between results and resources, UN-Women remains committed to leveraging its Programme Management Information Systems (PMISs) in order to:

- Strengthen planning, budgeting and the tracking of resources received;
- More precisely identify funding gaps and the subsequent need for reallocation of resources across outcome areas; and
- More accurately track results obtained from its development activities.

b. Allocation of resources to organizational efficiency and effectiveness

95. In terms of organizational effectiveness and efficiency outputs, resources are allocated in line with the harmonized methodology approved by the Executive Board. Accordingly, funds are allocated to (a) development activities, shared between development effectiveness and programmes; (b) United Nations development coordination; (c) management; and (d) special-purpose activities. The total requested appropriation of $203.8 million relates to these cost classifications.

96. The costing of organizational effectiveness and efficiency is done through functional clusters, which are groupings of organizational units that carry out activities in order to deliver intended outputs. As functional clusters group together a number of organizational units that deliver certain outputs, they constitute the conceptual link between results and resources in the Executive Board-approved Results-Based Budgeting (RBB) framework.

II. Summary of increases and decreases in the integrated budget

97. The 2018-2019 integrated budget component related to the institutional budget amounts to $203.8 million compared with $196.4 million in 2016-2017, constituting a 3.7 per cent increase from one biennium to the next.

98. Changes to nominal amounts of institutional budget resources are a combination of cost increases (nondiscretionary items), volume changes (including corporate initiatives and investments), and efficiencies and savings. The impact of each of these elements is summarized in table 4.

Table 4

Summary of increases and decreases (Millions of United States dollars)

		Total	% increase / (decrease)
I.	**2016-2017 Institutional Budget**	196.4	
II.	**Changes due to cost**		
	Staff costs	8.7	4.4%
	Rent increases	0.6	0.3%
	UNDP reimbursements, central costs and other cost increases	0.5	0.2%
	Budgetary discipline (higher vacancy factor)	-6.2	-3.2%
	Total changes due to cost	**3.6**	1.8%
III.	**Changes due to volume**		
	Programme support realignment and increase in resource mobilization/ evaluation capacity in Headquarters	-1.2	-0.6%
	Investment in operational capacity in Headquarters	4.5	2.3%
	Field regional realignment	0.1	0.0%
	ICT Investment	2.0	1.0%
	Internalization of Audit function	-2.6	
	Resource Mobilization Initiative	1.0	
	Total changes due to volume	**3.8**	1.9%
IV.	**Net increase / (decrease)**	**7.4**	3.7%
V.	**2018-2019 Institutional Budget**	**203.8**	

Changes due to cost

99. The proposed budget incorporates non-discretionary cost increases, with a net cost increase of $3.6 million or 1.8 per cent.

100. These include increases in post costs due to salary-scale revisions, within grade salary increments and other post entitlements determined by the International Civil Servants Commission. They also include provisions for after service health insurance and for bridging the gap of unfunded liabilities for staff entitlements and operating-

cost adjustments resulting from inflation. Cost increases also include the impact of headquarters rent (including also tax escalation), and other central services costs.

101. Cost increases have been partially offset by a vacancy rate of 9 per cent, which is higher than the 5 per cent vacancy rate utilized for the 2016-2017 institutional budget proposal.

102. The higher vacancy rate has been estimated based on an analysis of actual vacancies in the institutional budget. Due to improved capacity of systems and institutional knowledge, as the agency has developed further, the vacancy rate now is more reflective of reality. This is also aligned with the Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) UNW/2015/8, which noted that "taking into account actual average vacancy rate for the past two biennia", a higher vacancy rate should be applied to the estimates for staff costs.

Changes due to volume

Staff related volume changes

103. Changes due to volume have focused on ensuring that the capacity of UN-Women remains commensurate with the results expected. Given that the projected income scenario for 2018-2019 is similar to the 2016-2017 projected levels, the initiatives proposed as part of the institutional budget appropriation revolve mostly around budget neutral changes.

104. Headquarters initiatives include a more efficient and effective provision of programme support to Field Offices and strengthening resource mobilization (net decrease of $1.2 million for the biennium), as well as an increase in operational capacity (net increase of $4.2 million), mainly due to internalization of the audit function, which is offset by the reduction in payment to reimburse UNDP for the internal audit.

105. Field changes include several regional realignments that result in an overall increase of $0.08 million.

Non-staff volume changes

106. **Capital investments in information and communications technology**. In 2018-2019, high impact information and communications technology initiatives will be undertaken to underpin UN-Women's digital transformation. Firstly, this includes strengthening cyber security capabilities and controls in response to emerging global threats to cyber-security and corporate key risks. Secondly, in line with the strategic focus on UN-Women's digital agenda, investment is needed for key components of a consolidated common ICT architecture behind websites and digital engagement platforms and enhanced capacity to leverage its web presence for visibility and resource development. Thirdly, addressing needs to upgrade the enterprise resource planning system and enhance other key parts of the programme management eco-system, such as results management system, financial management components, human resources systems, procurement system, risk management system and the donor agreement management module. Together, this will ensure the security, sustainability and economies of scale of our digital platforms. An estimate of $2 million is provided in the budget for these initiatives.

107. **Capital investments in resource mobilization**: To accompany the new UN-Women resource development strategy underpinning the Strategic Plan, UN-Women needs to frontload a few investments in 2018-2109 that will help accelerate the results for the quadrennial period. Among the first priorities is the need to ensure a donor and prospect engagement management system is in place for close coordination across teams worldwide, and an evaluation recommendation as well. Secondly, infrastructure investments are required for a minimal digital and public fundraising platform and capacity including software, expertise and seed funding to strengthen national committee performance in carefully selected markets, based on an in-depth assessment made in 2016. Thirdly, prioritized investments entail developing the capacity to engage effectively with the two other high potential private donor segments, namely high net worth individuals and philanthropic partners. These smaller but critical upfront investments include reference tools and products, the design and testing of new engagement instruments and methodologies, and training investments. An estimate of $1 million is provided in the budget for these initiatives.

108. **Establishing capacity for internal audit within UN-Women:** Since its inception, UN-Women has been receiving internal audit services from the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) as per a Service Level Agreement (SLA). The SLA is due to expire on 18th December 2017.

109. This document budgets for the establishment of capacity within UN-Women for internal audit. Internalizing such capacity is part of the institutional development of the Entity. It will ensure that internal audit activities are aligned with, and responsive to, the mandate and strategic objectives of UN-Women. It will also enable constant and direct interface between the internal audit service and the rest of the Entity, while preserving the independent nature of the function. For example, the Director overseeing the function will serve as a member of the Senior Management Team and participate in its regular meetings to provide independent advice and guidance in real time on high level governance, risk management and control strategies. This was not possible with the outsourced arrangement.

110. The establishment of an internal audit is consistent with the minimum requirements advised by the Joint Inspection Unit (JIU/Rep/2010/5) on the *Audit Function in the United Nations System* which states: "an organization will be required to manage a minimum of US $250 million over a biennium to justify the set-up of an internal oversight unit..." UN-Women is projected to manage $947.9 million during the upcoming biennium.

111. Establishing internal audit capacity within UN-Women will also provide savings. Charges by UNDP for such services have been increasing significantly. In 2016, they increased by 13 per cent. A budget proposed by OAI for the provision of these services in 2018 entails an additional 59.8 per cent increase over 2017 costs. Currently, the provision of this service by OAI is largely done by a staff complement of auditors dedicated to the purpose. The capacity to be established within UN-Women will be composed of posts similar to the staff complement that OAI had dedicated to UN-Women. With the exception of an Audit Specialist (P3) post budgeted to increase coverage in line with recommendations of the Executive Board of UN-Women.

112. **Consolidation of independent assurance functions (evaluation and internal audit).** This document also budgets for the consolidation in one Division of the independent evaluation capacity, which has existed within UN-Women since inception, and the internal audit capacity to be established within the Entity. To effect the consolidation, an upgrade of the existing D1 post of Director, Independent Evaluation Office to the D2 level to head the internal assurance functions (evaluation and internal audit), is budgeted for. This consolidation will enhance coherence and synergy between the two aspects of independent assurance: evaluation and internal audit as well as alignment with the Entity's strategic objectives. The consolidation has been suggested by the Audit Advisory Committee of UN-Women which stated in its 2017 report: "*UN-Women may wish to consider the option of including the internal oversight and assurance functions found in its Third Line of Defence (e.g. internal auditing, investigations, and evaluation) into one oversight unit. This could create synergies among the functions, improve effectiveness and value for money, and support increased overall assurance with respect to UN-Women's operations, programmes, and performance*"[1]

113. **Consolidation of both independent assurance functions in one Division** will cost less than if they are managed separately. A cost comparison of consolidation versus separate units shows that consolidation would save US $0.9 million taking into consideration increase in posts and decrease in cost of outsourcing.

114. The independence of the above assurance functions will be guaranteed through the maintenance of necessary firewalls and separate reporting lines and the full application of the "International Standards for the Professional Practice of Internal Auditing" and the "Norms and Standards for Evaluation" of the United Nations Evaluation Group. To date UN-Women has had an excellent track record in ensuring the independence of the evaluation function. UN-Women will also take into account any impact that the consolidation may have on the existing Evaluation Policy.

I. Summary of post changes

115. Table 5 provides an overview of proposed post changes in 2018-2019, compared with 2016-2017. As can be seen from the table, the net effect of the proposed institutional budget is an increase of 3 posts, increasing the previously approved amount of 462 in the 2016-2017 institutional budget to 465. This includes the movement of 3 posts from the IB to the Regular Budget. The changes are as follows:

Strengthening capacity at the country and regional level

116. Alignment of resources at the country and regional levels is budget neutral. The following highlights the direction of the alignment by region.

Asia Pacific

117. The Asia Pacific Region has analyzed the IB resources to realign corporate resources in light of needs and priorities across the region in a cost-neutral manner

[1] UNW/2017/3/Add.1, para 38

for the region as a whole. The IB funds liberated from the abolishment of existing posts will be used to support the creation of critically needed new posts to increase programmatic growth and political weight for the work in the AP region, as well as enable programmatic delivery and address audit risks etc.

Latin America

118. The changes are proposed to find cost savings from IB resources and to respond to the new country model and to emphasize specialist functions to be performed by National Officers (NO). The proposed changes are also intended to fund positions related to Management Operations through IB and to align with procurement guidelines to have the Local Procurement Committees (LPC) chaired by a National Officer C-level (NOC) staff member. Many of the changes requested are therefore movements of personnel from IB to other funding sources and vice versa, with personnel moving from non-IB sources to IB funding. The change also aims to capitalize on national capacity wherever possible.

Eastern and South Africa

119. The largest driver of this regional realignment is to calibrate capacity relative to the scale of operations and to optimize between country focus and regional coverage.

Eastern and Central Europe

120. The changes aim to adjust capacity in order to leverage growth opportunities and reallocate human resources from where operations have been contracting to where there is potential for programme expansion and resource mobilization.

Arab States

121. The changes that are proposed address the need for improved operational management due partly to the growing complexity of operations particularly in Jordan due to the influx of refugees and to align the Jordan with the regional practice of having Operations Managers at the National Officer (Level C) NOC level funded by IB.

West and Central Africa

122. The requested changes for West and Central Africa are cost neutral and reflect the changing demand on support services in the Democratic Republic of Congo.

Programme Support Realignment

123. In line with the recommendations of the Regional Architecture evaluation, the Programme Division has sought to align its functions to reduce overlaps both internally in the Division and with the Regional Offices and reinforce accountability through focusing HQs on strategic planning, political analysis, business development, program design and management as well as oversight. Also, to support a more gender responsive agenda and Agenda 2030, the Programme Division would strengthen the support to the field to respond to the growing demand in humanitarian assistance and in building resilience through bridging humanitarian and development assistance. In line with business process review and 2016-17 core budget allocations, the Programme Division has sought to reduce transaction costs and dependence on core resources through consolidating global project operations and better matching

functions contractual modalities sources of funds. This has resulted in a net decrease of two positions and a reduction of IB funds required for the proposed structure by 8 per cent.

124. Moreover, the level of two P5 Program Advisor positions has been downgraded to be replaced with a P4 Programme Specialist – Regional Programme Specialist. The P4 Regional Programme Specialist will be part of the new Analysis and Development Unit which is to provide strategic analysis and support programme development within a regional context so that UN-Women can better support localization of the SDGs and improve the mobilization of high quality non-core resources.

125. The Programme Support and Management Unit has been strengthened with the creation of the Programme Management Office and the incorporation of the earlier Programme Support Unit. This unit provides the Regional and Country Offices with a range of services, training sessions and toolkits that increase their operational capacity to deliver programmes on time, on scope and on budget. The Programme Support Management Unit (PSMU) works in close collaboration with Division of Management and Administration and ensures oversight and compliance with UN-Women's operational policies, including cost recovery. This has required that the current P4 Management and Oversight Specialist post be upgraded to a P5 in order to manage the two components of programmatic and operational support in order to improve programme delivery and compliance.

Strengthening Operational Capacity

126. *Asset Management Associate G7 to P3 (Asset & Revenue Management Specialist)*. This upgrade is necessary to implement an audit recommendation for higher level asset management to ensure stronger oversight of assets and segregation of functions, as well as the need for increased capacity in revenue management and analytical reporting for assets and revenue.

127. *Chief of Accounts P5 to D1 (Deputy Director, Financial Management)*. With the introduction of International Public Sector Accounting Standards (IPSAS) this role has added financial management responsibilities of revenue, receivables, payables and assets, annual financial statements and financial aspects of internal and external audits, as well as associated representations at Audit Advisory Committee, ACABQ, Fifth Committee and Executive Board, which were not previously envisioned. Management responsibilities of this role have also greatly increased from 6 posts in 2012 to 28 posts with the restructure of the finance section, post IPSAS, and the expansion of the regional architecture including reporting lines for regional finance specialists and regional finance associates (new virtual global service centre). Leadership of a staff cadre of this size supports a Director level post with the responsibility to oversee smooth and timely delivery of key financial management deliverables that assist in underpinning resource mobilization, programme delivery and donor reporting, and the continued success of UN-Women's corporate statutory financial statements and audit outcomes. The current level of the post at P5 does not adequately reflect the level of responsibility assigned. As the most senior accountant and financial advisor for the entity and for the Senior Management Team, these enhanced strategic financial management duties are consistent with a D1-level post. Upon the upgrading of the post, its responsibilities will further expand to cover

oversight of the financial planning and integration of the budgetary and financial data of UN-Women.

128. *Information Security and Compliance Specialist P4 (new post)*: This post would provide specialized guidance on creation, implementation and oversight of UN-Women's information security programme designed to reduce and mitigate information security risk across the organization. The role will further provide strategic guidance on current and emerging threats as well as guidance and technical advice to infrastructure and application specialists on information security related matters. In line with continued global cyber security risks, the organization will establish this post to further improve our information security programmes to protect information assets owned by or administered by UN-Women. These functions are currently partially served by the UN International Computer Centre on a full cost recovery basis. Given that information security is a top corporate risk for UN-Women, internalizing the function will better address this risk and is more cost effective.

129. *Website Architecture Specialist P3 (new post)*: *This post would ensure strengthened* coordination and oversight of UN-Women's information architecture and websites relating to the common websites platform as outlined in the digital strategy. The role will further function as internal product owner for outsourced website development teams ensuring internal knowledge retention and coordination across outsourced project and delivery teams. The post is required to better manage risk and ensure the long-term objectives of the organization in the context of UN-Women's strategic direction of outsourcing Information Technology development work. These functions are currently served by consultants (Special Service Agreement) or outsourcing to service providers. Given their recurrence and scale it is more cost effective to rely on an established post.

130. *Enterprise Risk Management and Legislative Specialists P3 (new post)*: This post will provide sustained and effective operation of the Enterprise Risk Management (ERM) and its further development across UN-Women. This is necessary to implement an audit recommendation to establish a regular post and allot staff with contracts of non-temporary nature to support the maintenance and operation of the ERM. In addition, the post will support the consolidation, codification and organization of UN-Women's rules, regulations, policies and guidelines into the new Legislative Framework that is currently under establishment.

Consolidation of Oversight Functions

131. The consolidation of oversight functions will result in upgrade of the current Director of Evaluation (D1) to the new Director to head the internal assurance functions (evaluation and internal audit) (D2). The current outsourcing to UNDP will be replaced by the following new posts in UN-Women: Chief of Internal Audit (P5) and Audit Specialists (P4 x2) and (P3). In addition, there will be an enhancement of audit coverage with the creation of and additional Audit Specialist (P3) post.

Table 5

Institutional budget posts by location

	2016-17 approved posts							Net changes						2018-2019 proposed posts						
	USG/ ASG	D-2	D-1	Other Professional	All Other	Total	Percentage of total	USG/ ASG	D-2	D-1	Other Professional	All Other	Total	USG/ ASG	D-2	D-1	Other Professional	All Other	Total	Percentage of total
Field			10	179	116	305	66%	-	-	-	-	1	1			10	179	117	306	66%
Headquarters	1	4	11	89	52	157	34%	-	-	(1)	5	(2)	2	1	4	10	94	50	159	34%
Total	1	4	21	268	168	462	100%	-	-	(1)	5	(1)	3	1	4	20	273	167	465	100%

V. Elements of a decision

The Executive Board may wish to:

(a) *Welcome* the UN-Women integrated budget for 2018-2019, which presents a single, integrated budget that includes all budgetary categories, to complement the Strategic Plan 2018-2021;

(b) *Approve* resources in the amount of $203.8 million to support organizational effectiveness and efficiency and note that these estimates include an amount of $31.4 million for cost recovery for other resources;

(c) *Note* that in the event that actual cost recovery is higher than the estimates included in the budget proposal, the additional amount may be used for management activities to allow more regular resources to be used for programme activities, *request* the Under-Secretary-General/Executive Director to report to the Executive Board on its utilization in the context of the next budget proposal, and *ask* UN-Women to further strive for an overall reduction of the ratio of its management costs;

(d) *Note* that five positions have been submitted for inclusion in the United Nations Secretariat regular budget 2018-2019 and *resolve* that, should these posts be approved, the corresponding costs will be removed from the institutional budget 2018-2019, commensurately reducing the appropriation and increasing resources channelled to programme activities;

(e) *Note* that excess extra-budgetary income will be used to support management activities;

(f) *Resolve* that the appropriated amounts should be used to achieve the results of the Strategic Plan that are linked to these.